Maritime Provinces Higher Education Commission

Financial Statements
March 31, 2010

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Auditors' Report

To the Members of
Maritime Provinces Higher Education Commission

We have audited the balance sheet of **Maritime Provinces Higher Education Commission** (the "Commission") as at March 31, 2010 and the statements of committed funds, revenue and expenditures – grants and revenue and expenditures – administration for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2010 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity.

Maritime Provinces Higher Education Commission

Balance Sheet

As at March 31, 2010

	2010 $	2009 $
Assets		
Cash	1,991,148	1,063,634
Prepaid expenses	76,319	79,306
Amounts due from		
Government of Canada	8,573,864	14,235,768
New Brunswick	25,787,513	24,415,271
Newfoundland and Labrador	222,865	204,000
Nova Scotia	382,585	153,878
Prince Edward Island	4,841,446	494,714
Amount due from the Council of Atlantic Premiers	–	11,130
Other receivables	48,399	77,234
	41,924,139	40,734,935
Liabilities		
Accounts payable and accrued liabilities	56,644	40,306
Amount due to the Council of Atlantic Premiers	3,518	–
Amounts payable to institutions		
Operating grants	8,397,329	3,615,633
Capital grants	2,923,250	3,289,888
Other	9,170,212	13,657,298
	20,490,791	20,562,819
Deferred revenue	18,319	88,478
	20,569,272	20,691,603
Committed Funds		
Operating grants	17,012,740	14,540,180
Capital grants	4,342,127	5,503,152
	21,354,867	20,043,332
	41,924,139	40,734,935

Commitments (note 5)

Approved by the Board of Directors

_____ Director

_____ Director

Maritime Provinces Higher Education Commission

Statement of Committed Funds

For the year ended March 31, 2010

	New Brunswick $	Nova Scotia $	Prince Edward Island $	Other $	2010 Total $	2009 Total $
Operating grants						
Balance – Beginning of year	13,065,484	143,460	1,328,736	2,500	14,540,180	12,332,330
Excess of revenue over expenditures (expenditures over revenue) for the year	(1,438,837)	(67,283)	1,736,044	41	229,965	2,247,850
Transfer from capital	2,282,595	–	–	–	2,282,595	–
Transfer to administration	(40,000)	–	–	–	(40,000)	(40,000)
Balance – End of year	13,869,242	76,177	3,064,780	2,541	17,012,740	14,540,180
Capital grants						
Balance – Beginning of year	5,502,060	–	1,092	–	5,503,152	4,072,060
Excess of revenue over expenditures for the year	1,108,276	–	13,294	–	1,121,570	1,431,092
Transfer to operating	(2,282,595)	–	–	–	(2,282,595)	–
Balance – End of year	4,327,741	–	14,386	–	4,342,127	5,503,152
Commitments outstanding – End of year	18,196,983	76,177	3,079,166	2,541	21,354,867	20,043,332

Maritime Provinces Higher Education Commission

Statement of Revenue and Expenditures – Grants

For the year ended March 31, 2010

	New Brunswick		Nova Scotia (note 1)		Prince Edward Island		Other		Total	
	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $
Operating grants										
Revenue										
Grants										
Unrestricted	230,138,175	111,242,305	382,585	173,750	53,823,593	47,179,825	–	–	284,344,353	158,595,880
Restricted	9,113,146	9,118,071	–	–	1,134,700	1,134,700	–	–	10,247,846	10,252,771
Other	–	–	–	–	–	–	6,480,715	6,669,035	6,480,715	6,669,035
	239,251,321	120,360,376	382,585	173,750	54,958,293	48,314,525	6,480,715	6,669,035	301,072,914	175,517,686
Expenditures										
Grants										
Unrestricted (Schedule A)	232,737,396	109,207,558	449,868	173,750	51,954,372	47,184,001	–	–	285,141,636	156,565,309
Restricted (Schedule B)	7,952,762	8,899,029	–	–	1,267,877	1,136,463	–	–	9,220,639	10,035,492
Other (note 2)	–	–	–	–	–	–	6,480,674	6,669,035	6,480,674	6,669,035
	240,690,158	118,106,587	449,868	173,750	53,222,249	48,320,464	6,480,674	6,669,035	300,842,949	173,269,836
Excess of revenue over expenditures (expenditures over revenue) for the year	(1,438,837)	2,253,789	(67,283)	–	1,736,044	(5,939)	41	–	229,965	2,247,850
Capital grants										
Revenue	50,000,000	2,500,000	–	–	2,764,900	760,900	–	–	52,764,900	3,260,900
Expenditures (Schedule C)	48,891,724	1,070,000	–	–	2,751,606	759,808	–	–	51,643,330	1,829,808
Excess of revenue over expenditures for the year	1,108,276	1,430,000	–	–	13,294	1,092	–	–	1,121,570	1,431,092

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Statement of Revenue and Expenditures – Administration

For the year ended March 31, 2010

	2010 $	2009 $
Revenue		
Contributions		
New Brunswick	521,274	522,994
Nova Scotia	653,497	655,656
Prince Edward Island	96,628	96,945
Transfers from operating reserves		
New Brunswick	40,000	40,000
Project revenue	362,727	154,932
	1,674,126	1,470,527
Expenditures		
Salaries and benefits	941,319	984,575
Office rent	100,348	97,457
Professional services	181,812	43,849
Travel		
Board members	12,443	19,871
Other	20,002	29,450
Per diem allowance	2,975	3,825
Special projects (note 3)	270,778	196,690
Office supplies, telephone and postage	30,714	31,833
Office furniture and equipment	29,550	24,870
Publications	26,970	5,070
Other	53,697	44,167
	1,670,608	1,481,657
Excess of revenue over expenditures (expenditures over revenue) for the year (note 4)	3,518	(11,130)

Maritime Provinces Higher Education Commission

Notes to Financial Statements

For the year ended March 31, 2010

1 Significant accounting policies

Content of these financial statements

In accordance with the Maritime Provinces Higher Education Commission Acts (Section 18, New Brunswick and Prince Edward Island; Section 19, Nova Scotia), the provinces have the option of paying grants to the institutions, either directly or through the Commission. Since the Province of Nova Scotia makes direct payments to Nova Scotia institutions, these financial statements include only the operating and capital grant payments to New Brunswick and Prince Edward Island institutions.

Management estimate

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

Property, plant and equipment

The Commission expenses capital assets in the year of acquisition. Had the Commission capitalized and amortized its capital assets, its balance sheet would reflect office equipment and furniture, computer hardware and software and leasehold improvements with a net book value of approximately $86,375 (2009 - $80,951).

Pension Plan

The Commission participates in the Pension Plan for Employees of the Council of Atlantic Premiers and Participating Employers. Pension expense is recognized when plan contributions are made or become due. During the year, the Commission recognized pension expenses of $139,747 (2009 - $159,202).

Financial instruments

The Commission has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. Financial instruments consist of amounts receivable, which will result in future cash receipts, as well as amounts payable, which will result in future cash outlays.

Fair value estimates are made at a specific point in item, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of judgment and, therefore, cannot be determined with precision. Changes in assumptions could affect the estimates.

The fair values of amounts receivable and amounts payable approximate the carrying values due to their short-terms to maturity.

1 Significant accounting policies (continued)

Financial instruments (continued)

The Commission is exposed to normal credit risk with respect to its amounts receivable. Provisions are maintained for potential credit losses and no such losses have been recognized to date. Management believes the Commission is not exposed to any significant credit risk and no provision for doubtful accounts has been recorded in the accounts.

2 Other activities

During the year, the Commission disbursed funds on behalf of the following:

	2010 $	2009 $
Government of Canada – contribution to institutions under the Canada/New Brunswick Official Languages in Education Agreement	5,337,632	5,317,028
Government of Canada – contribution program to improve access to health services for official languages minority communities	577,677	949,650
Province of Prince Edward Island – rehabilitation program seats	342,500	166,250
Province of Prince Edward Island – Victoria General Hospital	–	32,107
Province of Newfoundland and Labrador – Medicine	12,865	–
Province of Newfoundland and Labrador – rehabilitation program seats	210,000	204,000
	6,480,674	6,669,035

3 Special projects

	2010 $	2009 $
Graduate Follow-up Surveys	224,169	98,064
MPHEC Conference/Workshop/Collaboration	2,671	–
Other	43,938	98,626
	270,778	196,690

4 Revenue and expenditures – Administration

The unallocated excess of revenue over expenditures for the year for Administration is considered to be part of the Consolidated Fund and accordingly is included in the amount due to the Council of Atlantic Premiers.

5 Commitments

Office facilities

Future minimum annual lease commitments under a long-term lease for office facilities and office equipment are as follows:

	$
Year ending March 31, 2011	85,173
2012	85,173
2013	85,173
2014	85,173
2015	85,173
2016	21,293

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Schedule of Unrestricted Grants Expenditures

For the year ended March 31, 2010 **Schedule A**

	2010 $	2009 $
New Brunswick		
Institutions		
Maritime College of Forest Technology	1,931,424	1,931,424
Mount Allison University	17,282,701	6,434,312
St. Thomas University	10,385,597	3,820,540
Université de Moncton	63,009,369	24,838,581
University of New Brunswick	104,993,613	41,020,433
University of Prince Edward Island – Atlantic Veterinary College	5,111,148	5,493,662
	202,713,852	83,538,952
Interprovincial transfers		
Université de Sherbrooke	1,205,080	1,084,199
Province of Newfoundland and Labrador	1,212,500	950,000
Province of Nova Scotia	7,373,700	4,652,700
Province of Ontario	33,369	19,932
Dalhousie University	804,580	522,145
Province of Québec	7,665,291	7,193,298
	18,294,520	14,422,274
Grants in lieu of Municipal Real Property Taxes	11,241,321	11,031,376
Other	487,703	214,956
	232,737,396	109,207,558
Nova Scotia		
Interprovincial transfers		
Province of Québec	371,845	173,750
MPHEC Graduate Follow-up (GFU) Survey Program	78,023	–
	449,868	173,750
Prince Edward Island		
Institutions		
Holland College	15,189,903	14,007,903
University of Prince Edward Island	30,108,871	27,907,872
	45,298,774	41,915,775
Interprovincial transfers		
Province of Nova Scotia	6,541,600	5,199,100
Province of Ontario	5,874	5,816
Province of Québec	96,587	63,310
	6,644,061	5,268,226
Other	11,537	–
	51,954,372	47,184,001
	285,141,636	156,565,309

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Schedule of Restricted Grants Expenditures

For the year ended March 31, 2010 **Schedule B**

	2010 $	2009 $
New Brunswick		
Maritime College of Forest Technology	46,887	159,808
Mount Allison University	928,210	928,210
St. Thomas University	232,550	435,578
Université de Moncton	2,623,864	2,612,512
University of New Brunswick	3,391,953	3,978,508
Joint Project – Computer Network	729,298	784,413
	7,952,762	8,899,029
Prince Edward Island		
Holland College	835,360	660,658
University of Prince Edward Island	384,600	384,600
Joint Project – Computer Network	47,917	91,205
	1,267,877	1,136,463
	9,220,639	10,035,492

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Schedule of Capital Grants Expenditures

For the year ended March 31, 2010 **Schedule C**

	2010 $	2009 $
New Brunswick		
Mount Allison University	5,441,020	6,699
St. Thomas University	3,308,076	504,102
Université de Moncton	14,767,586	21,917
University of New Brunswick	25,375,042	537,282
	48,891,724	1,070,000
Prince Edward Island		
University of Prince Edward Island	2,751,606	759,808
	51,643,330	1,829,808